

MHEC in Indiana

Responding to Constituents' Needs in a Changing Climate

January 2004



Midwestern Higher Education Compact



Responding to Constituents' Needs in a Changing Climate

INDIANA

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I. Introduction to MHEC

The Midwestern Higher Education Compact (MHEC) was established in 1991 as an interstate compact agency. The Compact's charge is to promote interstate cooperation and resource sharing in postsecondary education. As of 2003, MHEC's member states are: **Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio and Wisconsin.**

The Compact is governed by the Commission. The Commission consists of five appointees from each member state including the governor or the governor's designee, a member of each chamber of the state legislature, and two at-large members, one of whom must come from postsecondary education. **The Indiana Commissioners are: Representative Dennis Avery, Mr. Michael Gery, Mr. Stanley Jones, Senator Teresa Lubbers, Mr. Donald Weaver. Mr. Anthony Maidenberry serves as an Alternate Commissioner.** The work of the Compact is financed largely through member-state obligations and foundation grants. A small, full-time staff located in Minneapolis administers MHEC's daily operations, programming, and policy-research activities. The Compact follows six major goals in carrying out its mission and activities:

- to enhance productivity through reductions in administrative costs;
- to encourage student access, completion and affordability;
- to facilitate public policy analysis and information exchange;
- to facilitate regional academic cooperation and services;
- to promote quality educational programs;
- and to encourage innovation in the delivery of educational services.

The Compact relies upon grassroots involvement to develop and implement its programs. More than three hundred representatives of Midwestern colleges, universities and leadership organizations serve on its program committees and oversee MHEC initiatives. The combined efforts of these committed volunteers, the Commission, and MHEC staff members have produced significant benefits for Midwestern higher education and the students it serves throughout the region. **To date, over four hundred institutions and agencies have participated in MHEC programs and partnerships.**

The advancement of education through interstate cooperation is a priority of the Midwestern Higher Education Compact. Through the leadership of the Commission and its President, the Compact will continue to be a positive force in creating new opportunities for states, institutions and students. This report addresses the Compact's efforts in general, and addresses the initiatives impacting Indiana, specifically. The following is a presentation of MHEC's computing initiatives, property insurance program, telecommunications program, programs related to students and faculty, policy research and related activities, internet outreach activities, and other affiliated programs. ***The bottom line is that the cost savings achieved through these programs are several times greater than the state's annual obligation of \$82,500. The independent institutions in Indiana as well as local governments are experiencing significant cost savings.*** An explanation of the calculations used to determine the savings is included in the remainder of the report. The calculations are based on reasonable, if not conservative, assumptions.

The MHEC office concludes that public higher education institutions and local school districts in Indiana could likely save money by greater participation in the MHEC cost-savings initiatives.

The MHEC Midwest Student Exchange Program (MSEP) could also benefit Indiana. MSEP is a highly flexible program allowing institutions to design their participation in ways that benefit them. For example, an institution could include under-enrolled programs in MSEP attracting more students and making the program more cost efficient. In addition, if Indiana wants to attract more students and a future workforce for a particular industry, programs could be enrolled in MSEP to attract students.

It is the Compact's hope that Indiana will investigate the possibility of the cost-savings initiatives and benefits of participation in MSEP.

II. Cost-Savings Initiatives

MHEC's cost-savings initiatives include the following programs: Computing Resources, the Master Property Program, and the Telecommunications Program. General descriptions of these programs are presented below in addition to specific information related to the cost-savings realized by the Indiana colleges and universities participating in these programs.

A. Computing Resources

Computers have moved from a complementary consideration to an integral part of the education process on campuses. Institutions' faculty, staff and students all need the latest and best hardware and software to effectively and efficiently function. **MHEC's computing resources programs enable institutions and individuals the opportunity to obtain the most competitive pricing on desktops, laptops, and other hardware and software.**

- **Hardware Program**

MHEC has contracts with Dell, Gateway and IBM for the sale of computer desktops, laptops, servers, training, peripherals and other services. MHEC's contracts offer the Western States Contracting Alliance (WSCA) aggregate pricing discounts on all products, and aggressive pricing on specific computer bundles pre-configured with higher education uses in mind. **The WSCA aggregate discounted price is always better than the educational discounted price.** If an institution/state entity is making a large purchase of computers they can get a large order discount that is more aggressive than the WSCA aggregate pricing discounts that are listed. The current WSCA discounts are 10-12 % off of list price for the most frequently purchased products. The pre-configured bundles range from 14-19% discount off of list price. The list price is a constantly moving number.

The vendors provide a firm-fixed discount on products and services. The vendors sometimes run limited time specials which are offered to MHEC; the specials do not receive any additional discounting. MHEC receives the lower of the two prices.

On an open ended contract for a purchase of 1 to 5 computers, the prices offered under the MHEC contract are as good as an institution/state entity will be able to get. During the recent July through September 2003 quarter, it is estimated that 92% of the computer purchases were small quantity orders. Without the MHEC contract, they may be able to get something less than the list price, but it is unlikely they will get the MHEC pricing. They would also have to incur the costs of entering into their own contract with the vendor. Using the MHEC contract minimizes the administrative costs of going out to bid and negotiating separate contracts, and provides institutions/state entities with a convenience of "one-stop" shopping. Through the MHEC contract, all products and services are available to the institution/state entity. There is no need to place multiple purchase orders for various products.

Because the list price is constantly moving, MHEC uses a 9% savings when calculating the savings an institution/state entity achieves when purchasing under the MHEC contract. Overall, most institutions/state entities are achieving savings somewhere in the 9-14% range. Unfortunately, the vendors do not have the ability to cost effectively distinguish the discounts each institution is receiving when submitting their reports.

Table 1: Hardware Volume Purchased & Savings (in Dollars)
(Breakdown by Sector in Indiana)
July 2001 – September 2003

Sector Participation	Volume Purchased	Percent of Total Volume	Savings	Percent of Total Savings
Public 4-year	\$8,537,259	78%	\$768,353	78%
Private	\$527,156	5%	\$47,444	5%
Public 2-year	\$574,757	5%	\$51,728	5%
State/Local	\$1,228,131	11%	\$110,532	11%
K-12	\$34,669	1%	\$3,120	1%
Total	\$10,901,972	100%	\$981,177	100%

- **Software Program**

All higher education institutions purchasing Novell software must do so through an Academic License Agreement (ALA), and must pay Novell an annual license fee based on their FTE (Full-Time Enrollment) count (if purchasing the software for the whole campus) or their workstation count (if purchasing the software for a department only). The higher the FTE count (or workstation count) is, the greater the discount in price for the annual license fee. An institution will get the maximum discount Novell offers on the annual license fee if they have an FTE count of 100,000 (46% discount) or a workstation count of 14,000 (22% discount). There are no other educational discounts for Novell software.

Under the MHEC program, all institutions in the Compact, regardless of their FTE count or workstation count, get the maximum discount Novell offers. Even the largest institutions in 10 MHEC states are not able to reach the maximum discount levels, and therefore are able to save 4-11% on their annual license fees over what they were previously paying.

Table 2: Annual Novell License Fee Savings
(Breakdown by Sector in Indiana)

Fiscal Year 2002-2003 Sector Participation	Savings on Annual License Fee	Percent of Total Savings on Annual License Fee
Public 4-year	\$78,644	74%
Private	\$27,167	26%
Total	\$105,811	100%

First Six Months of Fiscal Year 2003-2004 Sector Participation	Savings on Annual License Fee	Percent of Total Savings on Annual License Fee
Public 4-year	\$89,907	70%
Private	\$27,413	21%
Public 2-year	\$10,791	9%
Total	\$128,111	100%

MHEC determines the savings for each institution by calculating the difference between what the institution would have had to pay for their annual license fee if the MHEC program was not in existence, and what they are currently paying for their annual license fee under the MHEC program. Because the institution must pay 15% of the savings it achieved under the program to MHEC to help cover the costs of the program, MHEC subtracts that 15% of the savings from the gross savings to get the net savings. MHEC reports the net savings.

MHEC also offers reduced pricing on technical support that institutions receive from Novell. In order to get technical support, an institution traditionally had to pre-purchase a package of 5-20 telephone support incidents at a price of \$450 per incident. The institution also had to use up all of the telephone support incidents it had purchased during the year, or it would lose them. (The telephone incidents would expire.) **Under the MHEC program, the institution saves \$100 per incident by having to pay only \$350 per incident (after the first incident which is free).** In addition, the institution needs to purchase only one incident at a time, when it is needed, so there is no concern that incidents will expire. **Novell does not offer this technical support option to any other institution or entity. It is only available through MHEC.** When calculating reported savings on technical support, MHEC reports for each institution a savings of \$350 for the first telephone support incident that is used under the MHEC program and \$100 per telephone support incident thereafter.

A third area of savings for institutions is in the area of training and professional development. Through training and professional development, institutions are able to leverage their existing investments in the Novell software into greater and enhanced uses. **MHEC has negotiated with Novell free and reduced training and professional development classes for the benefit of institutions. Traditionally, this is something Novell has not done for any other customer including Indiana institutions.** MHEC is able to do this by leveraging the large number of institutions across the 10 states that need this training. In calculating the training and professional development savings, MHEC determines the difference between what the institution would have paid for the training class, and what they are paying as a result of the MHEC program. Training classes typically run from \$1,000 to \$3,000 per class.

B. Master Property Program

The Master Property Program (MPP) has brought benefits to institutions of higher education since 1994. The program was established to broaden property coverage, reduce premium rates and encourage improved asset protection strategies for colleges and universities in the Midwestern Higher Education Compact's (MHEC) ten member states. Currently, the states of Illinois, Kansas, Michigan, Minnesota, Missouri and Nebraska take advantage of such benefits. There are 36 institutions, with a total of 66 campuses and Total Insurable Values (TIV) in excess of \$40 billion.

The Master Property Program successfully renewed with a new property insurance underwriter on July 1. The institutions are being insured in a layered program with the primary layer being through Lexington Insurance Company. The member institutions chose to explore alternative programs when the previous underwriter, FM Global had proposed significant rate increases.

- **Estimated 2003 Savings and Benefits**

Each year, MHEC evaluates the success of the Master Property Program by looking at the program's overall costs, terms and conditions and services as compared to a participating institution buying their coverage on an individual basis or part of a smaller group.

- **Overall Premiums**

MHEC's program administrator, Marsh, works with approximately 1,500 institutions of higher education nationally with approximately 150 of those located throughout the Midwest. Based on this experience, it is estimated by Marsh that most MHEC institutions would experience a 10% to 25% rate increase outside of the MHEC program. Therefore, based on exposure, deductible and loss history, Marsh applies a rate increase against the overall account rate of the current program to estimate potential premium savings. Please note that many smaller higher education institutions are being subject to much higher rates – in the range of 0.12 to 0.15 – the MHEC average account rate is 0.0366 currently (for all members). (See Appendix for further description of the Master Property Program.) Please note that the MHEC MPP Oversight Committee has declared \$418,294 in dividends to be paid for the 1998, 1999 and 2000 policy periods for members participating in the program at that time based on loss experience as of June 30, 2004. (See Captive section in Appendix.)

- **Indiana Institutions Participating**

Currently, Indiana institutions have elected not to participate in the Master Property Program. Conversations have taken place with the Independent of Colleges of Indiana and it is still being determined how Indiana would best fit into the current program or perhaps MHEC's Package Policy Initiative (property and casualty coverage together).

C. Telecommunications

Most, if not all, states already have telecommunications contracts for primary services that are available to state agencies, colleges and schools. The MHEC/ATAlliance programs are not intended to compete with or supplant successful state programs. Rather, the ATAlliance programs can be complementary to state services, help fill gaps in services or offer other products. For example, in the area of interactive video, the state may have an agreement needed by a university for a codec (coder-decoder) but not for a particular MCU (multi-point control unit) that is needed.

MiCTA, a 19,600-member national nonprofit association for telecommunications, created the initial program and has joined with MHEC and the other three regional higher education interstate compacts to form an alliance to better serve the information technology needs of colleges and schools in member states.

Some services that can be purchased from the ATAlliance contracts may not be available through state contracts. ATAlliance prices may be better than state contracts or may incorporate “value-added” components such as fixed costs for maintenance, upgrades, or contract specifications tailored to educational functions. In some cases, state telecommunications agencies may select a vendor under an ATAlliance contract as its best source.

Sometimes state agencies and public colleges and universities need the RFP process validated or certified to ensure that an open-bid process is used. As an instrumentality of state government created by identical statutes in its member states, MHEC certifies the Request-For-Proposals (RFP) process used in order for these public entities to take part in the programs.

In addition to certifying the process and ensuring that state purchasing guidelines are followed, the higher education compacts add the value of their volunteer member expertise. MHEC acts as a facilitator and convener for the region, using the expertise from its committee members and its network contacts to determine telecom/information technology needs, clarify issues (often establishing a list of education’s priorities for the use of a product or service), and then determining the best course of action if any. When a grassroots consensus is reached to pursue a particular RFP, colleges and universities work together to define the requirements needed that will support the needs of their campuses and students. By working together, they become advocates for the needs of higher education with respect to a particular telecom product or service.

An additional benefit provided by MHEC’s role in the ATAlliance is exemplified by its ability to form “alliances of alliances.” For example, a new software license agreement with the Minnesota State Colleges and Universities (MnSCU) and Desire2Learn allows MHEC colleges and universities to bring their dedicated numbers under that agreement as sub-licensees in order to achieve optimal pricing. By increasing the number of students served, the cost per student should be lower.

The telecom savings from the MHEC/ATAlliance programs are determined by the program administrator, the MiCTA Service Corporation (MSC). The steps they use for determining the cost savings are to:

1. Identify the program volume used by members;
2. Break down where the volume comes from (i.e. long distance, computers, video, eLearning, etc.);

3. Review contract terms and conditions for these programs to identify the incorporated savings;
4. Identify tariff/street prices for contracts that are fixed cost;
5. Apply appropriate percent savings to come up with cost outside the agreement; and
6. Subtract → result is the savings.

- **Indiana's Involvement in the Telecom Program**

Indiana membership in the MHEC/ATAlliance Program includes the State of Indiana as well as public and independent colleges and universities. In total, the membership from Indiana includes: the State of Indiana; 114 health care entities; 76 higher education members; 243 PreK-12 (primarily private) schools, 3 public sector entities; and 223 religious and charitable entities. (For a complete listing of members, see www.micta.org.) **Annual dues are \$75 for the ATAlliance, which includes the telecommunications programs for the four higher education compacts and MiCTA.**

Table 3: Current Indiana Higher Education Members in the Telecommunications Program

Acilla College	Indiana U Northwest	Ivy Tech State C, Lafayette	Purdue University Calumet
Anderson University	Indiana U Purdue U Columbus	Ivy Tech State S, Lawrenceberg	Purdue U N Central Campus
Ball State University	Indiana U Purdue U Ft. Wayne	Ivy Tech State C, Logansport	Rose-Hulman Institute of Tech
Bethel College	Indiana U Purdue U Indianapolis	Ivy Tech State C, Madison	Saint Mary of the Woods C
Butler University	Indiana U South Bend	Ivy Tech State C, Marian	Saint Mary's College
Calumet College of St. Joseph	Indiana U Southeast	Ivy Tech State C, Muncie	Saint Meinrad College
DePauw University	Indiana University	Ivy Tech State C, Richmond	St. Joseph's College
Earlham College	Indiana U at Bloomington	Ivy Tech State C, Sellersburg	Taylor University
Franklin College of Indiana	Indiana U Northwest	Ivy Tech State C, South Bend	Taylor University at Ft. Wayne
Goshen College	Indiana U-Purdue University	Ivy Tech State C, Tell City	Tri-State University
Grace College	Indiana Wesleyan University	Ivy Tech State C, Terre Haute	University of Evansville
Hanover College	Ivy Tech State College	Ivy Tech State C, Valparaiso	University of Indianapolis
Holy Cross College	Ivy Tech State C, Columbus	Ivy Tech State C, Wabash	University of Notre Dame
Huntington College	Ivy Tech State C, Elkhart	Ivy Tech State C, Warsaw	University of St. Francis
IN Higher Ed. Telecom System	Ivy Tech State C, Evansville	Manchester College	University of Southern Indiana
Indiana Institute of Technology	Ivy Tech State C, Ft. Wayne	Marian College	Valparaiso University
Indiana State University	Ivy Tech State C, Gary	Oakland City University	Vincennes University
Indiana U at Kokomo	Ivy Tech State C, Indianapolis	Oakland City U Bedford	Vincennes U Jasper Center
Indiana U East	Ivy Tech State C, Kokomo	Purdue University	Wabash College

Over the course of the program, the MHEC/ATAlliance Program has saved Indiana institutions approximately \$3,401,650. For 2003 the MHEC/ATAlliance estimates savings of approximately \$619,300. These savings are achieved through long distance services, local services, cellular products and services, Internet access, wireless LAN-WAN, network equipment, video services and products, online course management systems, computer services and products and other equipment programs.

III. Midwest Student Exchange Program

The Midwest Student Exchange Program is an interstate initiative established by the Midwestern Higher Education Compact (MHEC) to increase interstate educational opportunities for students in its members states. **This tuition discount program includes the six participating states of Kansas, Michigan, Minnesota, Missouri, Nebraska and North Dakota.** The Midwest Student Exchange Program seeks to provide more affordable educational opportunities for students to attend out-of-state institutions. It also strives to facilitate enrollment efficiency in those institutions, which have excess capacity in existing programs. **The program began in the fall of 1994 with 366 students; by the fall of 2002 that number had grown to 2,651 students.**

At this time Indiana has elected not to join the Midwest Student Exchange Program. MSEP participation requires authorization by the Indiana SHEEO office. By signing a state agreement any institution in Indiana would have the **ability** to join MSEP, although this agreement would **not require** any institution to participate.

- **Financial Aid Information**

MHEC provides links to state-specific financial aid resources to students (and their families) via MHEC's website. **Currently, Indiana links include a state-level financial aid resource, the Indiana Commission for Higher Education and the Independent Colleges of Indiana. Additional links are provided for federal level financial aid information and resources.**

IV. Policy Research and Data Analysis

In 2003, the Midwestern Higher Education Compact launched a policy analysis and research initiative to complement its program offerings. This past summer, MHEC received \$55,200 from Lumina Foundation for Education for the funding of specific projects (as noted below). Additionally, in August, Janet Holdsworth joined the MHEC staff as the Policy Analyst & Research Associate to help support MHEC in its mission to improve the quality of higher education in the region through policy research and related activities. A Policy Research Advisory Committee will be in place by spring 2004. This committee will consist of one Commissioner from each member state. To date, the following initiatives have occurred or are currently underway.

A. The Midwest PERL

MHEC is currently in the process of populating two user-friendly and complementary databases that will be accessible to its varied constituents via the organization's website. The Midwest PERL (Postsecondary Education Resource Library) will serve two functions: 1) provide state-level data by MHEC member state; and 2) provide policy reports and scholarly articles searchable by postsecondary issue, sector, and institutional type. This resource, developed with Foundation funding, is to serve as a more interactive, timely, and user-friendly alternative to a traditional hard copy fact book for legislative staffers, higher education officials, policy analysts, and others. The estimated completion date of this project is spring 2004.

B. Trends Analysis

The impetus for this project came from recent dialogue among Commissioners as well as discussions with MHEC's presidential leadership and others. It was determined that MHEC should have a better understanding of the current context, challenges, trends and needs in postsecondary education throughout the region prior to developing a policy-research agenda.

A brief survey was designed to assess member states' postsecondary context, challenges, and trends as well as to ascertain what role MHEC constituents think the Compact should play in addressing the region's salient postsecondary-education issues. The survey, accompanied by a letter from Interim President Lana Oleen, was mailed in fall 2003 to MHEC Commissioners, system leaders, Governors, legislators, legislative staffers and other public-sector officials. In January, survey results will be disseminated in a policy report titled: *Where Do We Go From Here?: Assessing Postsecondary Education Policy Trends, Challenges, and Opportunities in the Midwest*. The results will also serve as a useful tool in the planning process for MHEC's new policy research and analysis function.

C. Distance Education

Last spring, this research project was proposed by Janet Holdsworth, Joseph Shultz and David Chapman - researchers at the University of Minnesota's Postsecondary Education Research Institute (PERI; formerly known as PEPSC) - to MHEC's former President Bob Kustra. MHEC attained funding for the study from Lumina Foundation for Education. The initial conceptualization of this project began with considerations of trends associated with state-level investments in distance-learning initiatives during the current fiscal crisis, across the region.

Several policy-research objectives guide this study: 1) provide MHEC's member states a descriptive and comparative analysis of all states in the Midwestern region including, but not limited to, states' current distance learning policies and programs, current political climate in support of or in opposition to distance education, projected state-level policy efforts in distance learning, current distance learning enrollment rates, state-level funding for distance learning, and relevant state demographics that may impact distance-learning efforts; 2) report the current and projected distance-learning opportunities and challenges experienced by the Midwestern state leaders and 3) explore state-level policy questions associated with distance learning in higher education such as access, quality and accountability. The survey and interview data will be used to shape a policy report titled *Opportunities and Challenges for Distance Learning in Higher Education: A Comparative Analysis of Policies and Programs in the Midwestern States* that will present individual state profiles as well as a comparative regional analysis.

D. Policy-Related Activities

MHEC has increased its outreach efforts and enhanced its regional and national visibility by presenting significant data and policy research to groups and through the participation in and the development of policy forums.

- **Presentations**

Recent outreach and dissemination activities related to policy analysis and research include the following presentations:

Measuring Up 2002: The Wisconsin Perspective. Presented to board members and administrators, Western Wisconsin Technical College, September 2003.

What Do Minnesotans Think About Higher Education? Public Opinion In a Changing Fiscal Environment. Paper presentation at the symposium “Higher Education: How Can Research Contribute to Mutual Understanding, Support and Policy?” of the Public Policy Forum of the Association for the Study of Higher Education, Portland, Oregon, November 2003. (Janet Holdsworth of MHEC with David Chapman of PERI, Charles Lenth of SHEEO, Will Doyle of the National Center for Public Policy and Higher Education, and Shirley Clark of the University of Oregon System.)

Opportunities and Challenges of Distance Learning in Higher Education: Exploring Policy and Practice. Roundtable session at the Annual Meeting of the Association for the Study of Higher Education, Portland, Oregon, November 2003. (Janet Holdsworth of MHEC and Joseph Shultz and David Chapman of PERI.)

- **Forum Participation**

The Kellogg Forum on Higher Education for the Public Good, housed at the University of Michigan, Ann Arbor, invited MHEC to take place in a working group that will help frame community- and state-level dialogue around issues associated with access to higher education. This group, consisting of leaders of national-level associations, higher education administrators, and other invited participants will use public opinion and focus-group data to create a National Issues Forum dialogue publication. The first framing meeting was held in Washington D.C. in early November. Follow-up conversations about near-future collaborations have occurred between MHEC and the Committee on Institutional Cooperation (CIC) to date.

- **External Project Funding**

MHEC is currently seeking additional external funding from foundations and government sources to fund the costs associated with policy-research projects and initiatives. For example, a FIPSE proposal was submitted in fall 2003 to seek support for a major effort in MHEC member states related to access to postsecondary education. In addition, the FIPSE proposal requests funding for a web-based project that would serve Midwestern students and their families.

V. e-Information

MHEC continues to evaluate and upgrade its technological capabilities to more efficiently and effectively respond to its constituents’ changing needs by providing e-information to its various constituents on cost-savings initiatives, news, policy reports, region-level data and other resources. Primarily this outreach and information-sharing initiative occurs through MHEC’s website.

A. MHEC Website

The Midwestern Higher Education Compact (MHEC) revised its website (www.mhec.org) and launched the new site in April 2003. The site improved upon its ability to meet its various constituent’s needs whether it be policy makers, higher education leaders, students and families or its commissioners. Highlights of the website are accessible pdf documents of member state’s savings, program highlights, as well as public policy research reports, data and updates. MHEC has various documents available in the publications sections, from program brochure information to Compact documents. The site keeps current with each state’s commissioners. The site also offers online discussion boards for its constituents as well as committee members of the Master Property Program who make use of the private online discussion board to keep current with their program.

B. MHECtech Website

After the development of the new MHEC site, the MHEC technology collaborative site (www.mhectech.org) was also revised a month later. **The collaborative provides affordable access to computing resources for Midwestern colleges and universities and their faculty, staff and students. This site provides direct access to purchasing hardware, software and telecommunications products & services.**

C. Electronic Newsletter

MHEC continues to provide a monthly electronic newsletter to the constituents it serves and also posts it in the publications section of the MHEC website. The Novell/ MHEC Higher Education Collaborative and telecommunications listservs also provide updates on program happenings.

VI. Minority Faculty Development

In the mid-nineties Dr. Samuel Myers, Jr., and Dr. Caroline Sotello Viernes produced an important report that examined the climate for minority faculty in the region. This report produced several strategic recommendations to increase access to the professoriate for minorities. In 2000, a committee drafted a proposal to create the “Graduate Exchange of Midwest Minority Scholars” (GEMMS). This committee proposed that a regional effort, including a minority graduate-student exchange program and mentoring initiatives designed to encourage minority undergraduates to pursue graduate education and then, an academic career be developed and implemented. This program has failed to get the attention or needed direction required to launch a successful campaign. MHEC’s new president, Larry Isaak, will be meeting with Dr. Myers of the Humphrey Institute to discuss a possible re-visitation of the Minority Faculty Development Project. In this collaborative effort, Dr. Myers will once again serve as the Principle Investigator on the study.

VII. Distributed Learning Workshop

The Distributed Learning Workshop (DLW) began as an outgrowth of MHEC’s Interactive Courseware Committee. In June 2000 DLW was established as a 501(c)3 not-for-profit corporation. The DLW is no longer operating under the oversight and coordination of MHEC since establishing itself as its own entity. MHEC allows the DLW to sub-contract time from its Fiscal and Human Resources Officer for \$20,000 a year; the Fiscal and Human Resources Officer acts solely on behalf of the DLW in this capacity. Although MHEC continues to encourage the DLW’s efforts, it is a separate organization and not to be confused with MHEC’s programs. The DLW is not included in the Compact’s annual report, nor is a summary presented in the bi-annual agenda book. The DLW is invited to provide progress updates at the annual meeting as a courtesy to the MHEC Commissioners. At this time the DLW and MHEC have some shared board members/ Commissioners, therefore in the interest of the MHEC Commissioners, the DLW’s board meetings are typically held in conjunction with the MHEC Commission Meeting. This practice is currently under consideration as the structure and membership of both organizations shift.

VIII. Conclusion

The Compact is committed to serving its various constituents more effectively and efficiently through collaborations. Responding to constituents' changing needs is even more important than years past because of the changing climate impacting postsecondary education in our Midwest states. The information presented in this report clearly shows that MHEC's programs and services are aligned with the mission and goals established by the Commission. While MHEC's services have provided Indiana and other Midwest states significant savings, the organization will continue to respond to constituents' needs for new services such as the policy-research function.

Appendix

Master Property Program

Terms & Conditions. The current Master Property Program is written on a manuscript policy form with broad terms and, typically higher limits than would be afforded on an individual basis. A couple of examples:

- Flood Zone A (currently \$50,000,000) and New Madrid Earthquake (currently \$100,000,000) would be excluded coverages;
- Institutions would have to complete a Business Interruption worksheet for each location (coverage included in policy limits and specific to a building); and
- Ordinance and Law Coverage would be sub-limited to \$1 million where as the MPP currently has policy limits.

Captive. A large component of the program's costs are allocated to the captive layer which is the layer owned by members participating in the program for a given policy year. If losses are good in that policy year, the members have a potential to receive a dividend; however, should losses be poor, then members will not receive a dividend but nor would they be assessed for any additional contribution in that policy year.

**Table A-1: Summary of Initial Contributions
& Current Level of Equity (as of June 30, 2003)**

	2001	2002	2003
Initial Contribution	\$1,721,621	\$2,784,648	\$4,015,134
Current Equity	\$20,189	\$1,742,732	(1)

⁽¹⁾ Current policy term.

Note that dividend distribution is subject to any further changes in incurred losses and/or actuarial projections and is subject to approval by EPIC Board and MHEC Oversight Committee.

Catastrophe Coverages. The current MHEC Master Property Program provides coverage for certain catastrophe coverages such as flood and earthquake that would be limited or, possibly, not afforded on an individual basis.

Table A-2: Flood

	Current Program	Typical Program
Limits	\$100,000,000 except \$50,000,000 Zone A as defined by FEMA	\$1,000,000 to \$2,500,000 Zone A Excluded
Deductibles	Individual Institution Deductible except 2% per Location for Zone A as defined by FEMA	Minimum \$25,000 Zone A Excluded
Costs	Included in Overall Program Costs	Increased costs if higher limits desired or will have to go to Excess / DIC Markets

Table A-3: Earthquake

	Current Program	Typical Program
Limits	\$100,000,000	\$2,000,000 New Madrid Excluded
Deductibles	Individual Institution Deductible (Minimum \$25,000)	Minimum \$50,000 or 2% of TIV
Costs	Included in Overall Program Costs	Increased costs if higher limits desired or will have to go to Excess / DIC Markets

Engineering. Due to the complex engineering needs of this program for both the members and its insurance partners, it was important to develop an engineering program that met both needs. To accomplish these objectives, Marsh worked closely with the members and its partner markets to develop a customized engineering program.

Cost-Savings Examples:

Listed below are various examples of cost savings associated with the new MHEC Master Property Program. While the following examples are more qualitative than quantitative, this provides a snapshot of the benefits. Further, Marsh anticipates having additional information by the end of the renewal term that will enable them to better quantify actual savings.

Engineering Program. If an individual member was to purchase the services offered by the Master Property Program's new engineering program on an individual basis, costs would be approximately 10% to 20% higher. For all members, this would equate to approximately \$150,000 to \$300,000 in savings for the overall program.

Field Inspection Time. The previous carrier's engineers, FM Global, spent a significant amount of time at each major campus (in some cases up to 6 weeks). With the new program, it is estimated one week on average and two weeks maximum. Since a representative from each campus has to accompany the visiting consultant, the new program provides significant savings in man-hours to each campus.

Fire Protection Equipment Testing. FM Global's frequencies for testing fire protection equipment were greater than the National Fire Protection Association's (NFPA). Since the new program utilizes NFPA 25 (standard for the inspection, testing and maintenance of water-based fire protection systems), a savings is produced in man-hours and outside service vendors.

MHEC Engineering Website. Previously, FM Global generated a report that was mailed or e-mailed to the respective member institution. The new program offers a website that includes all vendor information (i.e. property inspections, infrared thermography surveys and boiler & machinery jurisdictional inspections). The "one-stop-shopping" approach provides a time savings for distributing, reviewing and responding to the findings.

Property Insurance Marketing Data. FM Global did not disclose all data associated with their property inspections. This information (especially COPE data –Construction, Occupancy, Protection and & loss estimates) is critical for underwriting purposes. The new program captures

the appropriate data via the engineering website and will hopefully reduce future insurance rates/premiums.

Infrared Thermography. This is a new service included in the current program. An infrared thermography survey identifies "hot spots" in electrical and mechanical equipment. A "hot spot" represents a loss in energy and potential ignition source. This service presents an energy savings, as well as, preventing/reducing the risk associated with a fire loss.

New Construction/Major Remodel Projects. With Marsh Risk Consulting's involvement with new construction & major remodel projects, cost-effective options and alternatives are proposed (if applicable). This service represents a potential cost savings.